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South Korea

In the first part of the last century chicken meat consumption was slow to grow in South Korea due in part to a relative lack of recipes using chicken in the diet. As a result, because beef was in short supply and expensive, pork became the leading meat. The introduction of fast food and fried chicken franchises in 1980s and 1990s brought about increased broiler consumption. On July 1, 1997 imports of poultry were liberalized. Tariffs, the only formal barrier on poultry, were gradually reduced until reaching 20 percent in 2004. Chilled poultry meat was already free from quotas and has a lower tariff rate, 18 percent.

Poultry is produced intensively in South Korea primarily using imported feed stuffs with production concentrated in the province surrounding Seoul. Even though the broiler industry has not seen the wild swings in price and production as other livestock industries have, there has been a steady growth in flock size due to cost advantages. Broiler production is now mostly on farms with 10,000 or more birds. Along with the increase in flock size, slaughter weights have also increased.

All imported chicken meat is frozen meat (predominantly leg and wing parts). Korea consumes imported chicken cuts in the food service sector (e.g. seasoned chicken dishes, chicken nuggets, patties, etc.) and in the processed food sector producing further processed products for retail distribution. Domestic chicken is usually marketed as chilled whole birds and cuts for the food service sectors (e.g. fried chicken) and retail markets for home use. Chicken meat derived from layers is mostly used as a raw ingredient in further processed products such as sausages, hams, etc. According to the poultry association, 20 million layers are used for further processed products annually. The domestic chicken industry also uses imported chicken cuts for further processed products taking advantage of the lower prices for imported product and constant supply compared to domestic cuts.

In late 2003 and 2004 South Korea's livestock and poultry markets went through some major changes. South Korea, a major United States (U.S) beef importer, banned imports of beef in late 2003 due to the discovery of BSE in the U.S. U.S. beef had accounted for almost half of South Korea's beef consumption and two thirds of South Korea's beef imports. South Korea then banned poultry imports from the U.S. after the discovery of bird flu at chicken farm in Delaware and also from 12 other countries due to confirmed bird flu outbreaks. The ban was partially lifted in October, 2004 when the Food Safety and Inspection Service (FSIS) released requirements for the import of cooked poultry. Technical discussions continue to reopen the market to uncooked, mainly frozen, U.S. poultry meat. In 2003 U.S. poultry meat exports (mainly leg quarters) to South Korea had grown 26% and South Korea was the sixth largest market for U.S. broilers.

Meanwhile, South Korea had discovered in December, 2003 a non-lethal strain of avian influenza. Between December, 2003 and March, 2004 outbreaks were confirmed at 19 farms or cases and nearly 5 million poultry were destroyed. In December, 2004 bird flu was discovered for the first time in a duck hatchery and 9,000 ducks were destroyed as a result. Poultry exports to Japan had been stopped due to the bird flu outbreaks and are expected to resume in March, 2005. South Korea in 2004 was estimated to have total poultry stocks of 108 million birds.

The slow economy, the discovery of mad cow disease in the U.S. and outbreaks of avian flu in the U.S., South Korea and other parts of Asia changed consumers' purchasing patterns. The slow economy has stagnated the growth of fast food restaurants. Consumers also became increasing health conscious and than concerns developed about BSE and bird flu which also negatively affected fast food restaurants. Fast food restaurants had previously been credited with increasing chicken consumption in South Korea. Meanwhile, demand for pork, seafood and vegetarian items increased.

Due to concerns about bird flu chicken meat prices fell almost 40% 611 won (\$.522) per kg but recovered to 1,669 won per kg due to tight supplies as a result of mass poultry slaughter and import bans. Predictions for 2004 were that chicken demand would fall 11.1% due to bird flu concerns and beef around 10% due to mad cow. However, as the year progressed the government and the poultry industry conducted an educational and promotion campaign which resulted in restored confidence in chicken meat consumption.

With Thailand, China and the U.S. out of the market, importers switched to European poultry meat suppliers. The primary suppliers from Europe were Denmark, France and the United Kingdom. However, traders criticized the irregular quality and high prices of poultry meat from Europe. On August 4, 2004, the Ministry of Agriculture and Forestry (MAF) announced health requirements for importation of poultry meat from Brazil. The new requirements mandate MAFF visit and designate poultry plants that will be allowed to export poultry meat Korea. It is expected 2-3 Brazilian plants will be approved for export to South Korea and exports would begin in October or November, 2004 at the earliest. It is anticipated the Brazilian meat will replace product from China and Thailand since they supplied South Korea with well-trimmed boneless-meat products. When U.S. exports resume to South Korea it is expected they will reclaim the spot of preferred provider of bone-in leg and wing parts. Of interest, South Korea recently approved the import of 100 tons chicken and duck meat from North Korea to be used by food processing companies before being sold for retail.

In 2005 it is expected the economy will slowly recover and the fear of avian influenza will decline resulting in increased consumption of poultry. Also of note is that an increasing number of sandwich shops are serving turkey meat in turkey sandwiches, some expect more restaurants to switch to processed egg products from shell egg products in the near future and prepared processed food such as fully cooked chicken meat is gradually improving as more restaurants understand the benefit and quality of prepared products.

The South Korean government recently announced new packaging and licensing policies as well as Expanded HACCP Guidelines. Beginning in 2007 for slaughterhouses capable of processing more than 80,000 birds and in 2008 for smaller processors (including street markets and small meat shops). All uncooked poultry sold in South Korea will have to be wrapped to prevent contamination by germs and bacteria and labeled with point of origin to distinguish imported meat from local produce. Antibiotics in feed will be strictly controlled and traces of medicine in meat will incur fines and penalties on the producer.

Sources: USDA/FAS, USDA/ERS, various new

Inspected Egg Products-U.S. & Canada Export/Import Trade**U.S./Canadian Live Poultry Slaughtered Under Inspection**

W/E 19-Feb-05 (PRELIMINARY)

U.S. Exports to Canada, in Pounds (000) (Preliminary)

Week Ending February 19, 2005		Year-To-Date		
TYPE	2005	2004 1/	2005 2/	2004
Liquid	309	98	1,400	777
Frozen	0	0	0	0
Dried	40	0	61	49
Total	349	98	1,461	826

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending February 19, 2005		Year-To-Date		
TYPE	2005	2004 1/	2005 2/	2004
Liquid	122	49	1,395	745
Frozen	45	45	158	235
Dried	0	40	160	551
Total	167	134	1,713	1,531

Inspected Shell Eggs**U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

Week Ending February 19, 2005		Year-To-Date		
TYPE	2005	2004 1/	2005 2/	2004
Jumbo	0	0	0	50
Extra Large	750	0	750	1,530
Large	1,130	2,350	2,630	6,793
Medium	1,500	750	5,565	3,030
Ungraded	602	1,698	722	9,648
Misc	0	0	750	0
Total	3,982	4,798	10,417	21,051

1/ Comparable Week, to-date figures may not total due to rounding.

2/ Includes revisions to previous week(s).

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Source: USDA/AMS Poultry Programs, Market News Branch.

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Feb 25, 2005

CHICKEN WITH SKIN ADDED

---- PRICES ----		---- VOLUME ----		
FAT				
CONTENT	FROZEN	FRESH	TOTAL	EXPORT
RANGE	-	-	-	-
WTD AVERAGE				
15-20%				
RANGE	18.00-24.00	20.00-26.00	2,066,800	846,400
WTD AVERAGE	19.24	22.11		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

U.S. Fowl Slaughtered Domestically

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,277	1,161	2,438
Last Week	1,305	1,246	2,551
Same week yr ago	1,291	1,314	2,605
To-date/2005	9,757	8,674	18,431
To-date/2004	9,125	8,979	18,104

U.S. Fowl Slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	337	0	337
Last Week	267	0	267
Same week yr ago	229	3	232
To-date/2005	2,232	4	2,236
To-date/2004	1,821	28	1,849

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Total U.S. Fowl slaughtered in the U.S. and Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,614	1,161	2,775
Last Week	1,572	1,246	2,818
Same week yr ago	1,520	1,317	2,837
To-date/2005	11,989	8,678	20,667
To-date/2004	10,946	9,007	19,953

Source: USDA/AMS Poultry Programs, Market News Branch

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Feb 25, 2005

CHICKEN WITH SKIN ADDED

---- PRICES ----		---- VOLUME ----		
FAT				
CONTENT	FROZEN	FRESH	TOTAL	EXPORT
RANGE	18.25	18.75-23.00	528,000	208,000
WTD AVERAGE	18.25	21.41		
15-20%				
RANGE	16.50-22.50	20.50-23.00	2,116,000	1,516,000
WTD AVERAGE	20.44	22.17		
20% OR MORE				
RANGE	-	19.00	120,000	-
WTD AVERAGE		19.00		

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 25 FEBRUARY 2005.

The market tone on tom drums was steady to fully steady, tom full-cut wings mostly steady, tom 2-joint wings steady to weak and tom neck steady to barely steady. Demand was light to moderate on tom bulk parts with increased activity noted on tom 2-joint wings at the lower trending price levels. Demand on hen 2-joint wings inactive with offering prices continuing to trend lower as some sellers attempt to find a level that attracts buyer interest, market activity slow on the balance of hen parts. The market tone on fresh destrapped tenderloins was steady to barely steady and frozen steady to weak with trading noted on both fresh and frozen at lower trending prices. Increased strength was noted on frozen tom breast meat as processors become less willing to offer product at current market levels, fresh tom breast meat mostly steady. Trading was active on tom breast meat and destrapped tenderloins, moderate on fresh 4-8 lb. breasts for domestic shipments, balance slow. For domestic: plant grade non-basted 18-20 lb. breasts 130, fresh scapula 119-122 cents delivered. For export: tom necks 21, fresh tom drums 40, tom defatted gizzards 40, frozen thigh trim 53.50 cents delivered.

FRIDAY, FEBRUARY 25, 2005**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS	40.00		40.00	40	37.42	402
WINGS FULL-CUT - TOMS	40.00		40.00	40	40.00	40
WINGS, V-TYPE, TOM		F	50.00	208		
TAILS		W	25.00	40	25.00	40
MECHANICALLY SEPARATED 2/		F	19.50	52		
THIGH MEAT - FROZEN		R	85.00	40	84.97	658

THURSDAY, FEBRUARY 24, 2005**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	36.50-37.00		36.80	132
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		F	50.00	208
TAILS		W	25.00	40
MECHANICALLY SEPARATED 2/		F	19.50	52
THIGH MEAT - FROZEN	85.00		85.00	40

WEDNESDAY, FEBRUARY 23, 2005**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	35.50-38.00		37.33	230
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		F	50.00	208
TAILS	25.00		25.00	40
MECHANICALLY SEPARATED 2/		F	19.50	52
THIGH MEAT - FROZEN	84.00-86.50		84.88	564

TUESDAY, FEBRUARY 22, 2005**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		F	36.50	104
WINGS FULL-CUT - TOMS		T	41.00	3
WINGS, V-TYPE, TOM		F	50.00	208
TAILS		F	24.00	40
MECHANICALLY SEPARATED 2/		F	19.50	52
THIGH MEAT - FROZEN	85.50-86.00		85.87	54

MONDAY, FEBRUARY 21, 2005**NO EXPORT TRADING REPORTED DUE TO PRESIDENTS DAY HOLIDAY**

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15-20% fat with skin added.